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COOPERATION AS A FORM OF CORPORATE RESPONSIBILITY ENGAGEMENT

Case: Finnish Forest Industry and Environmental NGOS

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Abstract

The objective of the study was to identify different cooperation forms that occur between the Finnish forest companies and environmental NGOs. The study investigates a cooperation form or forms that can create mutual benefits and how the cooperation could be improved.

The research method was qualitative and the approach was a multiple-case study. The empirical data was collected by using the semi-structured interview. Telephone interviews with two Finnish forest companies, two environmental NGOs and one representative of the third party was conducted. Interviewees were chosen based on the industrial field, environmental mission and other experience from the cooperation between businesses and NGOs.

The results indicated that several different forms of cooperation existed between the Finnish forest companies and environmental NGOs. Some industry-specific characteristics were recognized in the cooperation forms, such as selective usage of publicity and non-systematic dialogues. Cooperation could be improved by expressing the mutual expectations more openly and by accepting different points of view as a part of the process.

The research provides a holistic understanding about how the Finnish forest companies use the cooperation with environmental NGOs as a way to engage in CR. Results are suggestive and provide insights about the challenges and possibilities of the cooperation, and how the cooperation could be developed and improved.

Keywords
Forest industry, Finland, corporate responsibility, NGOs, environmental NGO, cooperation, stakeholder, environment

Miscellaneous

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Tiivistelmä

Tämän tutkimuksen tavoitteena oli tunnistaa eri yhteistyön muotoja suomalaisten metsäteollisuuden yritysten ja ympäristökansalaisjärjestöjen välillä. Tutkimuksessa selvitetään millainen yhteistyön muoto tai muodot voivat luoda molemminpuolisia hyötyjä ja miten yhteistyötä voidaan parantaa.

Tutkimusmenetelmä oli kvalitatiivinen tapaustutkimus ja empiirinen aineisto kerättiin osittain strukturoidun haastattelun avulla. Puhelimitse haastateltiin kaksi metsäyrityksen ja kaksi ympäristöjärjestön edustajaa sekä kolmannen osapuolen edustajaa jolla on paljon kokemusta yritysten ja kansalaisjärjestöjen välisestä yhteistyöstä.

Tulokset osoittivat lukuisia eri yhteistyön muotoja metsäteollisuuden yritysten ja ympäristökansalaisjärjestöjen välillä. Yhteistyömuodoista löydettiin joitakin teollisuudelle ominaisia piirteitä, kuten esimerkiksi julkisuuden valikoiva käyttö sekä ei-systemaattinen dialogi. Yhteistyötä voidaan parantaa ilmaisemalla molemminpuoliset odotukset avoimemmin ja hyväksymällä erilaiset näkökulmat osana prosessia.

Tutkimus tarjoaa kokonaisvaltaisen näkemyksen siitä miten suomalaisen metsäteollisuuden yritykset käyttävät yhteistyötä osana yritysvastuun kantamista. Tulokset ovat suuntaa antavia ja tarjoavat näkemyksiä yhteistyön haasteista ja mahdollisuuksista, sekä siitä, miten yhteistyötä voitaisiin kehittää ja parantaa.

Avainsanat (asiasanat)
Metsäteollisuus, Suomi, yritysvastuu, kansalaisjärjestöt, ympäristöjärjestö, yhteistyö, sidosryhmä, ympäristö

Muut tiedot

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1 INTRODUCTION

1.1 Cooperation between Finnish forest companies and NGOs

Finnish forest industry has been going through major structural changes starting from the late 20th century. Globalization, recession and international competition have set new challenges while industrialized countries have decreased the use of paper products. At the same time, production costs of wood products have been increasing. The competitiveness of Finnish forest companies has experienced major setbacks also due to Finland’s geographical location which is not in favor of local companies to enter new emerging markets (Metla, 2012).

The Finnish Forest Research Institute (Metla) evaluated in 2012 that forest industry accounts for 5% of Finland’s GDP. Despite the challenges on the global arena, the forest industry is seen as one of the key industries in Finland, and one key driver of sustainability development. The structural changes consist of improving existing products and developing new sustainable products and renewable solutions. Significant investments by the Finnish forest companies and government are targeted to create new innovations and future industrial growth. Research and development in the areas of energy production and bioproducts are expected to provide future solutions for competitiveness and growth (Metla, 2012).

In the few last years, the decreased profitability of the forest industry and massive layouts have made corporate responsibility (CR) a topic much discussed all over the media. Different stakeholders have started to question companies’ ethics and responsibility toward society and local communities. Forest companies are trying to balance in the cross-pressure arising from markets, structural changes in production costs and from other stakeholders demanding engagement to corporate responsibility. The Finnish forest industry has been increasingly engaging in CR increasingly in the few last years. The stakeholder theory and new management practices are driving companies to build networks and interaction with stakeholders. Cooperation is seen as a way of getting engaged in corporate responsibility and provide new innovative solutions to growing local and global challenges.

This study was conducted in cooperation with the research project Fortune. Fortune is a research project led by the University of Helsinki, Department of Forest Sciences, in co-operation with Tekes, SC-Research in University of Vaasa and VTT. The objective of the research is to create new business models for the forest industry in order to secure the competitiveness of the industry in the future. The purpose of this study was to give supportive data for the project.

Previous studies about the cooperation between non-governmental organizations (NGOs) and companies mainly focused on reviewing cooperation from the business perspective. Neither are there a large amount of industry specific research results on the subject available. There is a need to review cooperation from both social and business perspective in order to increase understanding about the dynamics between Finnish forest companies and environmental non-governmental organizations. This thesis can also provide a more holistic perspective for reviewing the mutual benefits, and give support when assessing potential partners and suitable cooperation forms.

The cooperation between companies and NGOs with mutual benefits is a complex and challenging research topic. NGOs and Finnish forest companies are disparate groups with different kinds of agendas. The main challenge was to gain a deeper understanding about the relationship between the two parties and how they perceive successful cooperation. Setting the measures to evaluate beneficial cooperation and benefits is also a complex process and requires studying a background literature.

1.2 Objective of the research

The research study reviews the Finnish forest companies operating in Finland which are cooperating with environmental non-governmental organizations (NGOs). According to Kuvaja and Malmelin (2008, 36), the forest industry is environmentally high-risk industry and confronts significant environmental challenges. Therefore NGOs in this study have been chosen from the environmental field. The cooperation for this study is limited to concern mainly national level corporate responsibility activities and strategic cooperation, where the prior aim is to ensure the future competitiveness of the industry and to increase environmentally sustainable performance.

The objective of this research was to study cooperation forms between the Finnish forest companies and environmental NGOs. The following research questions are addressed:

1) What kind of cooperation forms occur between the Finnish forest companies and environmental NGOs?

2) What kind of cooperation form can support to gain mutual benefits?

3) How cooperation between the Finnish forest industry and the environmental NGOs could be improved?

This study focuses on reviewing what forms of cooperation of the Finnish forest industry companies and the environmental NGOs occur in Finland, and what kind of cooperation form could support to achieve mutual benefits. Also the expectations for the cooperation are reviewed in order to enable the Finnish forest companies and the environmental NGOs to recognize, what factors should be considered when planning or starting the cooperation. The study also seeks for possible challenges and obstacles for the cooperation, solutions for how to overcome these challenges and what are the companies' and the NGO's future development ideas for the cooperation.

The research starts with the literature review and theoretical framework to understand, how companies connect with their stakeholders and NGOs. Corporate responsibility (CR), different forms of cooperation, and NGOs are defined in order to provide basic background for the readers and enable them to connect these terms in a logical way. The secondary data provides insight about the expected outcomes and reasons and motives for cooperation from the both company and NGO perspective. The author also addresses some possible challenges concerning cooperation and findings about how these challenges can be overcome.

The primary data was collected by interviewing representatives of the Finnish forest companies and NGOs, but also including an interview of the third party connecting companies and NGOs in a corporate responsibility context. The secondary data was collected by reviewing the literature, articles, previous research about the topic and Internet sources such as WebPages of the non-governmental organizations and Finnish forest companies. Finally the author presents the research results based on qualitative data gathered from the five semi-structured interviews and literature review.

Some research materials were gathered from the request of the VTT. This data includes additional findings, such as how the forest companies and the environmental NGOs communicate about their cooperation to other stakeholders, and how the cooperation should be developed in the future. These additional findings are presented in the section 6.1.

2 COOPERATION – THEORETICAL FRAMEWORK

2.1 Corporate Responsibility

In order to gain deeper understanding about cooperation, it is essential to give definition for corporate responsibility (CR) and clarify its role as a context for the whole cooperation phenomenon. The European Commission (2001) defines corporate responsibility as following: *"It is a concept whereby* *companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".*

Juholin (2004, 56-58) has named different levels of corporate responsibility for global companies. On the lowest level the company is following local rules and legislation. The second stage represents following the industrial values and codes, and on the third level the company shows commitment to the international standards and principles. The highest level is the ethical and universal "laws" which are connected to the humanity and civilization (FIGURE 1).

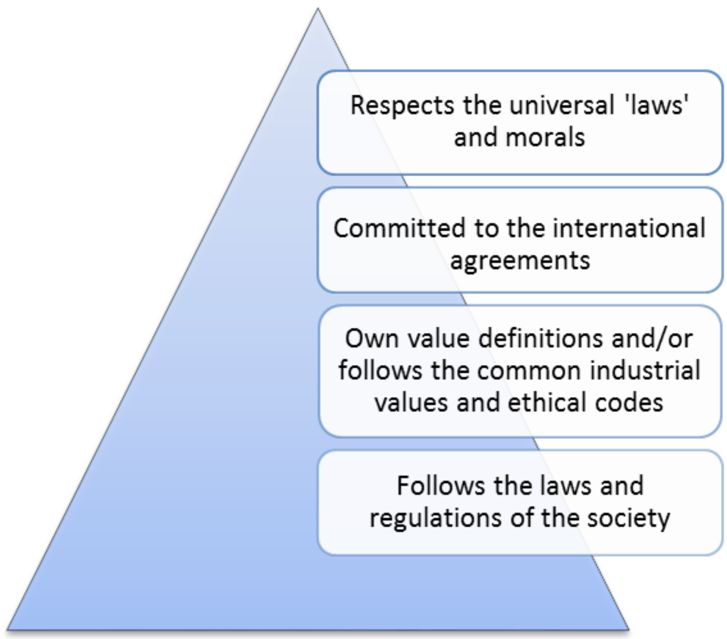

FIGURE 1. Different levels of global companies to engage in CR (Juholin, 2004, 56-58).

Companies not only implement voluntary responsibility projects and campaigns, but integrate CR into the business strategy. Instead of operating responsibly, the term 'corporate responsibility 'is about a proactive contribution that takes place beyond the minimum level of necessary legal obligations (Harmaala & Jallinoja 2012, 16-17; 57).

Vernis, Iglesias, Sanz and Saz-Carranza (2006, 24-25) argues that severe complexity of most global social and environmental problems has pushed the third and public sectors to engage the business sector to search solutions. CR is closely connected to the term *sustainable development*, which has been launched by the Brundtland Commission in the 1987. It refers to the usage of natural resources to meet the present human needs without compromising the ability to meet the needs of future generations. Stakeholders' expectation toward businesses to commit more to sustainable development has increased, and companies are seen as a necessary partner in solving these issues.

Corporate responsibility is not only about environmental concerns; it also includes financial aspects and social responsibilities. These aspects have merged together because their impact to the society cannot be separated. All these aspects are present in raw material procurement and in management of raw material chain: When considering the legitimacy of wood supply, ownership of the land, human rights and labor law aspects, but also including traditional environmental issues. Therefore environmental dimension is linked to the social and financial issues (Juholin 2004, 100-101).

Lehtonen argues (2002) that the companies' motives for corporate responsibility can be altruistic, ethical or financial. The altruistic motives refer mainly to a humanitarian and philanthropic (donations and other financial aid) activities without any financial or other benefits related to the image of the company. The ethical responsibility refers to the motive where a company avoids causing any damage or inconvenience to other stakeholders. The ethical point of view is challenging; for example, using child labor should be judged, but on the other hand, by refusing to trade with this kind of country company might cause even more harm and financial misery to its people. The third motive for CR is financial and it usually takes place in cases where the company's operations and outcomes are aligned with which can be considered ethically acceptable (Lehtonen 2002, 24-25; Juholin 2004, 48).

According to Juholin (2004, 104), in Finnish society the meaning of social responsibility has been traditionally connected to risk management. It stresses the meaning of the company's reputation in the eyes of investors, owners and customers. Damages in the company's reputation might have significant effect on investors. This finding is supported by the latest CR research "Sustainability in Finland 2013" carried out by the FIBS ry, where the risks concerning company image and increasing brand value were seen as the most important factors when investing to CR.

Globalization, the development of information technology and increased centralization of the power in large multinational corporations has brought corporate responsibility and sustainability issues closer to different stakeholders. Internet has enabled the non-governmental organizations and citizens to express their opinions and criticism publicly. Companies are facing new challenges due to decreased power and control on what citizens write about them and what kind of information is distributed to the web. Multinational companies are criticized, but cooperation is still embraced due to the successful companies distribute prosperity into their surroundings (Juholin 2004, 40; Kuvaja & Malmelin, 2008, 40-41).

2.2 Cooperation

While corporate responsibility has become more crucial factor for companies' success in increasingly competitive markets, companies have started to pay more attention towards their stakeholders. According to Blowfield and Murray (2011, 206), a stakeholder is ”any person or organization affected by or with the power to influence a company's decisions and actions”. The way company is interacting with different stakeholders such as employees, customers, suppliers, financiers, managers and communities, is part of a company's strategic management.

The cooperation between NGOs and companies can be understood through the stakeholder theory. Lehtonen (2002, 15) argues that the stakeholder theory is not a unified theory, but rather it is a collection of multiple opinions and views of different researchers. The stakeholder theory suggests that any organization should find operations model that can meet the needs and expectations of the different stakeholders.

According to Freeman, Harrison and Wicks (2008, 4), the way how a company interacts and manages its relations to different stakeholders, defines its success. Stakeholders are key parts of business organization, and management should continuously create and maintain value for these groups. Porter and Kramer (2011) refers to this phenomenon as a “creating shared value” (CSV), a business model where corporate responsibility is crucial part of company’s profitability and competitiveness. Based on the model, Porter sees possibility for companies to grow with simultaneously helping to solve economic and social problems related to their business environment in cooperation with public and third sectors (Porter & Kramer 2011, 4-5).

According to Harmaala and Jallinoja (2012, 65-66), company stakeholders can be categorized into three positions from the company perspective; 1) to societal stakeholders, 2) financial and business stakeholders and 3) internal stakeholders (FIGURE 2). In this thesis our focus in on the societal stakeholders (NGOs) having their main interest on the way *how* company is operating rather than stakeholders which have financial or economic objectives.

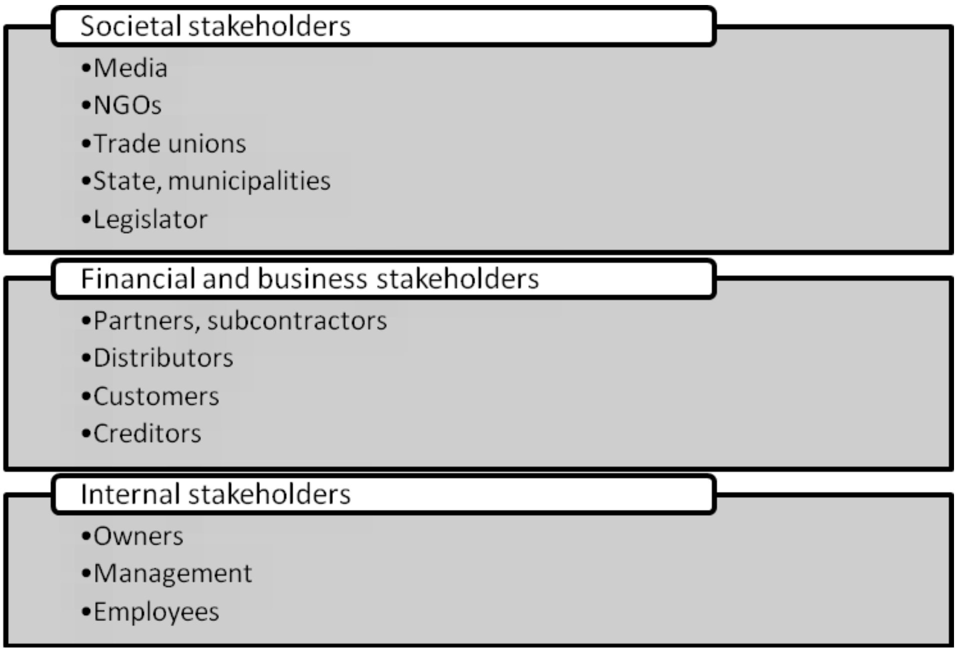

FIGURE 2. A company's stakeholders categorized based on their objectives (Harmaala & Jallinoja 2012, 65).

Another kind of stakeholder categorization by Blowfield and Murray (2011, 210) divides stakeholders into two categories: 1) Stakeholders which are influenced by the company and company's actions, and 2) stakeholders which have other interest in the company. Stakeholders' expectations toward the companies depends on their own agenda. From the corporate responsibility point of view, partnerships and networks are formed between the private and public sectors in order to find new solutions to solve social and economic issues often linked to the globalization. However, the reasons for cooperation can vary and these motives are presented more closely in Chapter 2.2.2.

Finding unambiguous definition for the cooperation is challenging. Kourula and Halme (2008) have divided the corporate engagement to CR activities in their action-oriented typology as following: 1) *philanthropy,* 2) *CR integration* and 3) *CR innovation*. *Philanthropic* activities refer to mainly sponsorships, voluntary work and charity, while *CR integration* focuses on conducting existing business operations more responsibly. *CR innovation* includes the potential to develop new business models or business opportunities to solve environmental and social issues. Kourula and Halmes states (2008), that CR integration and CR innovation seem to have more potential on positive business outcomes than philanthropic activities. In their study of the forest product and energy industry, eight forms of cooperation was recognized. However, this type of categorization was stated for not being exhaustive due to other forms of engagement can be developed (pp. 557-560; 562).

Considering the lack of unambiguous and exhaustive theoretical framework for cooperation between companies and NGOs, the author used this categorization as a basis for this research. The following table presents the variety of existing forms of engagement between companies and NGOs.

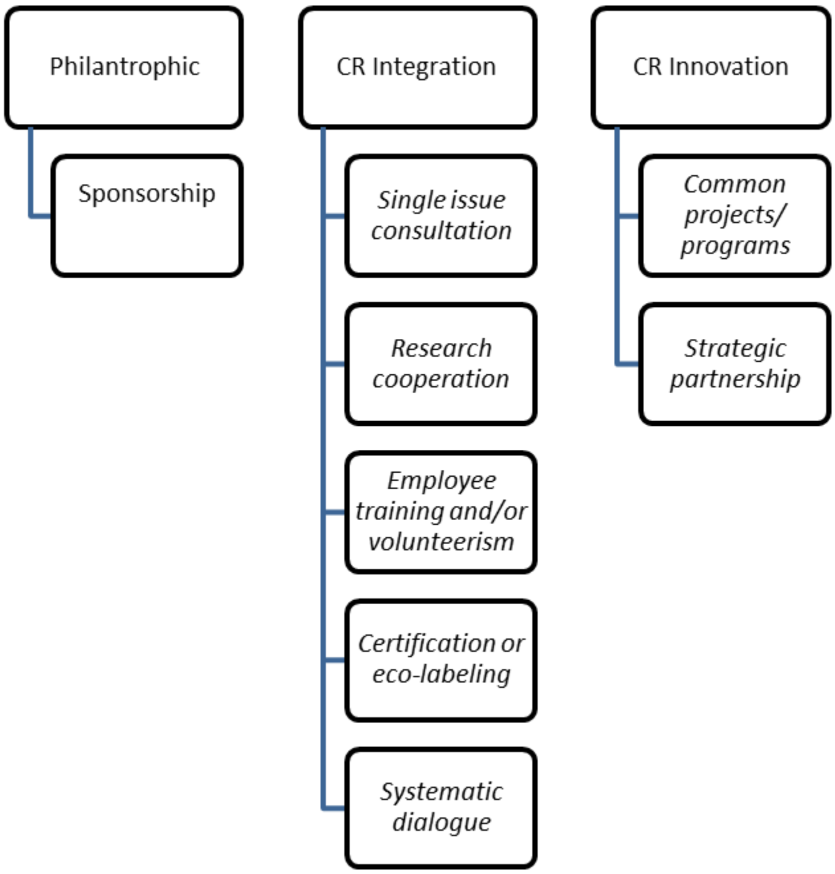

FIGURE 3. Action-oriented typology for corporate engagements in CR activities (Kourula & Halme, 2008, 562).

According to Kourula & Halme (2008, 559), philanthropic engagement includes sponsorships, charity, and company encouraging employees to voluntarism. Philanthropic engagement refers to actions outside the core business of the company for 'doing good' without direct business benefits (FIGURE 4). Philanthropic activities can include donating money, products or time, or it can be about running marketing campaigns and organizing events (Mäkipelto, 2013, 4).

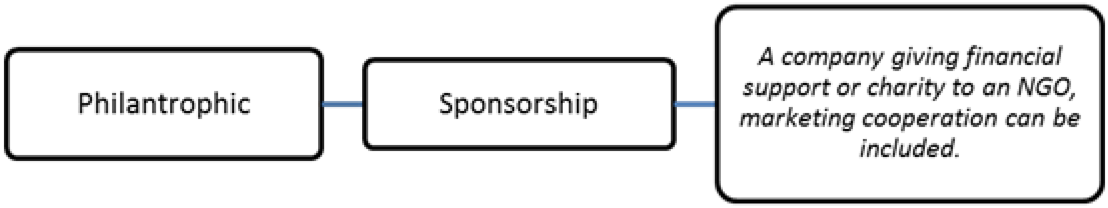

FIGURE 4. Definition for philantrophic cooperation (Kourula & Halme, 2008, 559).

Kourula and Halme (2008) states that the second stage of cooperation is CR integration, where CR has been merged into the business operations and to the core business. Consultation, research cooperation, employee training, certifications and systematic dialogue are aiming to integrate CR into company's operations (FIGURE 5). Therefore, a company looks for outcomes related to the corporate reputation, cost-savings or other benefits related to their daily operations. (op.cit. p. 559-560)

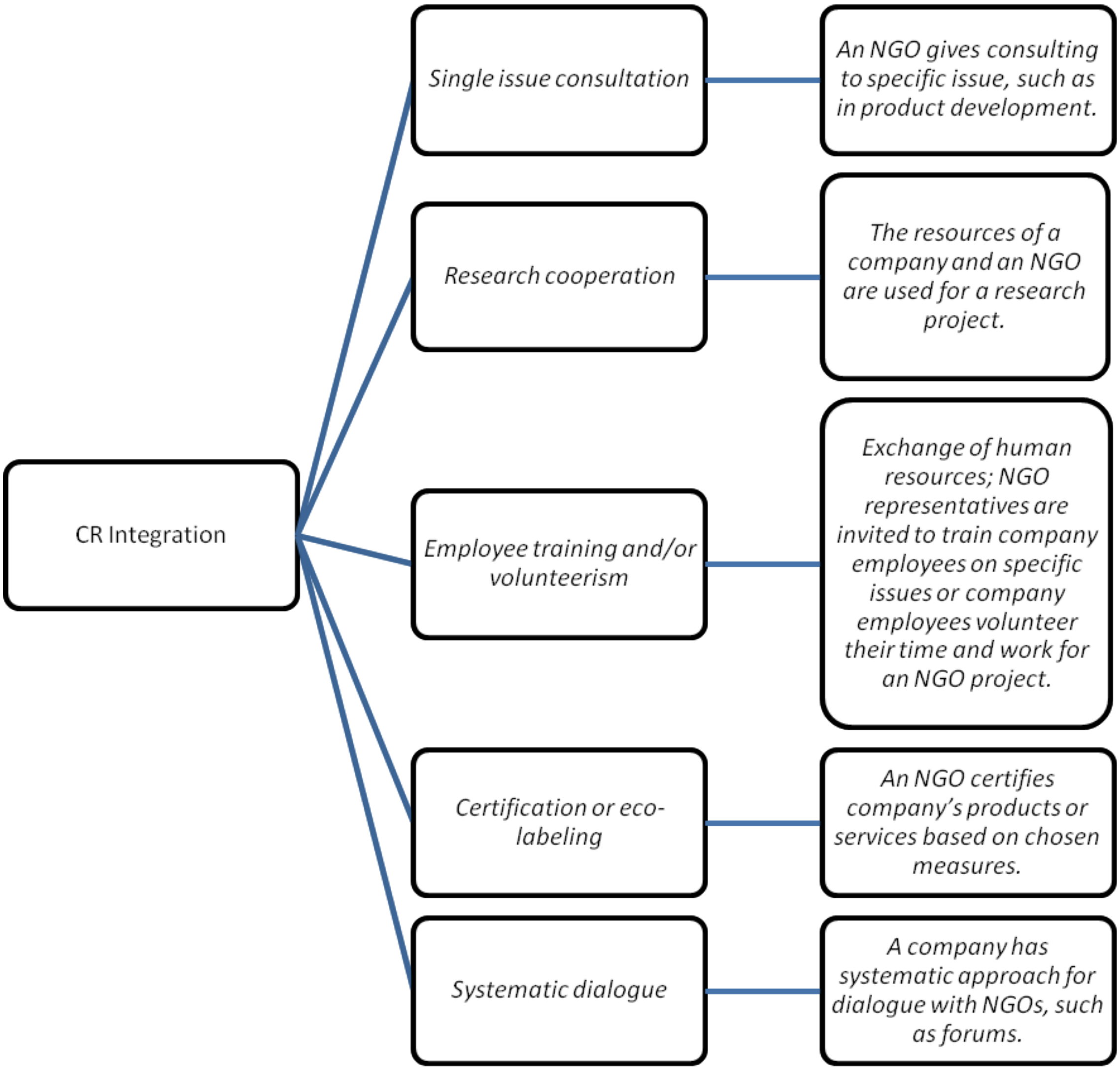

FIGURE 5. The CR integration engagement forms explained (Kourula & Halme, 2008, 562).

The third engagement in CR categorized by Kourula & Halme (2008) is CR innovation, referring to the long-term cooperation with a strategic aim to create new business innovations, products or services (FIGURE 6). This form of the cooperation relates to the Base of Pyramid (BOP) business model, in which companies consider business possibilities in developing countries and

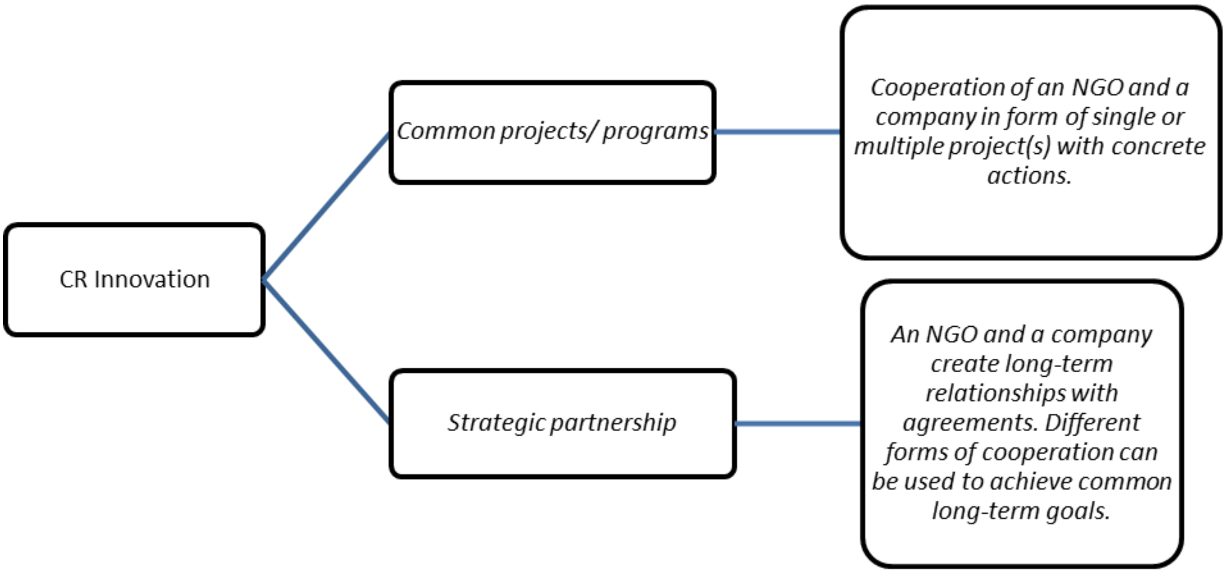

FIGURE 6. CR innovation as a form of CR engagement (Kourula & Halme, 2008, 562).

innovating new products and services to socially disadvantaged groups. CR innovation can create new solutions to solve social or environmental problems (Harmaala & Jallinoja 2012, 81).

2.2.1 Dialogue as a form of cooperation

In the study of Kourula and Halme (2008) of engagement forms between companies and NGOs, a systematic dialogue refers to a structured approach having a regular dialogue or forum for continuous discussion. However, Kuvaja and Malmelin (2008) argues that companies and NGOs can have a demand for dialogue and exchanging information without aiming at deepening the interaction or engagement with each other. Thus, companies and NGOs can have interaction without perception or awareness of having actual dialogue (Kuvaja & Malmelin 2008, 97).

Genuine dialogue should be defined through the aims and attitudes behind the interaction, but it is also about the ability to listen, to have conversation and to have a willingness to learn from another, rather than focus on the used communication technology or the form of communication. Therefore, having a dialogue between a company and a NGO does not automatically mean that both parties become partners or cooperate with each other (op. cit. p. 97).

A distinction can be made between non-strategic and strategic dialogues. A non-strategic dialogue includes participation in occasional workshops, seminars and committees where knowledge can be exchanged and representatives from different industries take part in solving present issues and meeting future challenges. The strategic dialogue has a certain role and predetermined objectives, and it is part of implementing corporate responsibility. Strategic dialogues can be short- and long-term, and can relate to CR integration activities such as product development or developing business operations. Long-term dialogues can be used to resolve conflicts. In this research, systematic, non-strategic and strategic dialogues have been interpreted simply as a form of cooperation since the types of dialogues could not be distinguished from each other without in-depth knowledge of the details. Therefore, in this research, ‘dialogue’ can refer to all of these different forms of communication (op.cit. p. 98-100).

2.2.2 Co-operational motives and benefits

Business perspective

Cooperation with civil society organizations can serve the need to engage in corporate responsibility. Juholin (2004, 82) argues that the motives behind companies engaging in CR are based on performance and productivity, and to guarantee the continuation of the business. A company has to manage CR in three different areas: in leadership, increasing competitiveness and predicting the future (FIGURE 7).

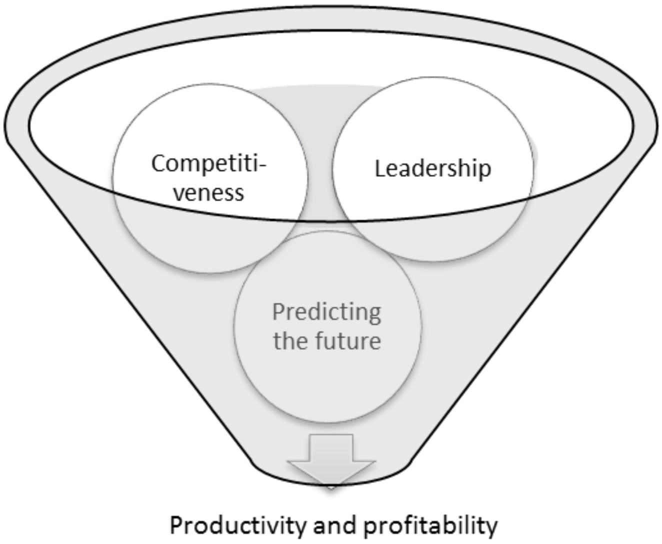

FIGURE 7. The three areas for companies to manage corporate responsibility (Juholin 2004, 82).

According to Juholin (2004, 82), the effectiveness of leadership means merging CR values into it. Leaders and managers should set an example for workers by practicing CR and creating the kind of company culture and operations where CR values are merged into everyday life. Therefore, one crucial benefit arising from the cooperation is related to human resources and employee development.

Vernis et al. (2006, 31) states, that by showing a commitment to civil society, a company can empower employees, increase employee motivation and attract highly qualified individuals through hiring process. Furthermore, when employees collaborate with NGOs, they can develop new skills and access new kind of knowledge by working in diversified teams.

Another factor in managing CR is the increasing competitiveness in the eyes of customers and suppliers. CR can be a competitive advantage when customers and suppliers choose their partners, considering that CR has an important role in their business decisions (Juholin, 2004, 86). Collaborations between an enterprise and a third sector (NGOs) improve enterprise’s public image and relations. Communicating with a civil society can increase the marketing value of the company as an institution, but also enhance its brand value by sales promotion. The CR actions and engagement in communities can support market expansion by reaching new and more critical consumers who value the CR aspect in their purchasing decisions (Vernis et al. 2006, 30).

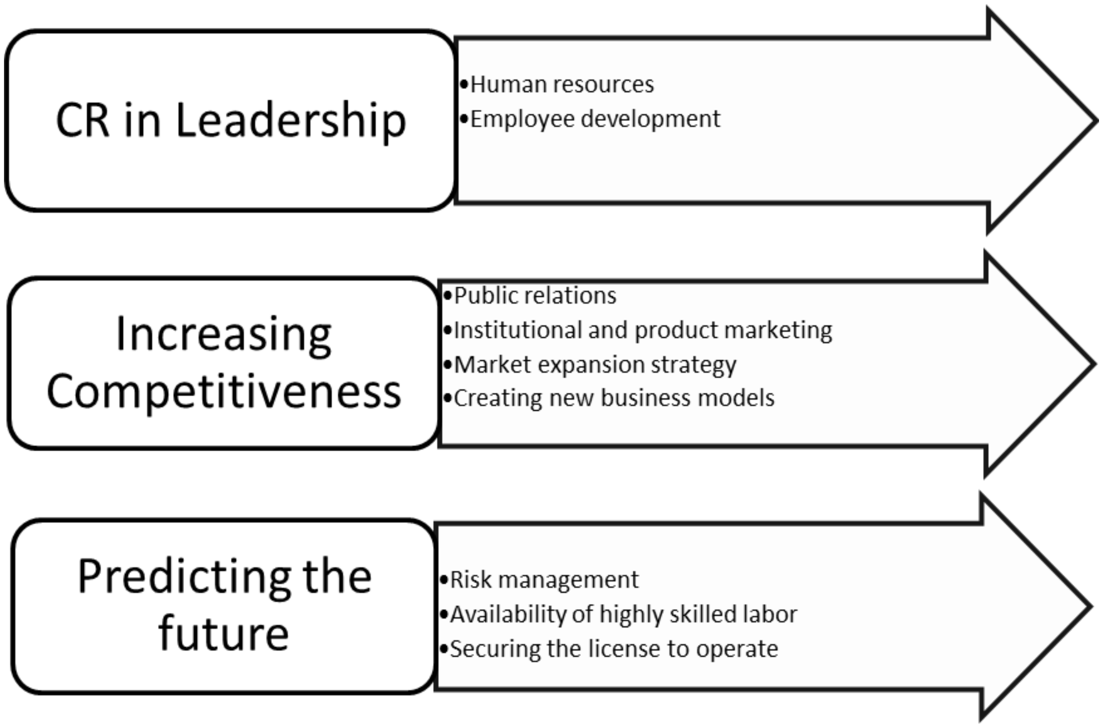

FIGURE 8. Managing CR in different operations of a company.

Kourula and Halme (2006, 568) states that CR innovation forms of cooperation, such as common projects and strategic partnerships, can create new products, services or business models. This can increase competitiveness but also enable a company to predict and prepare for the future.

Predicting the future means preparing for the changes in the operating environment and ensuring the future performance. Hiring highly skilled labor is one way to prepare for the future challenges. According to Harmaala & Jallinoja (2012, 97), the cooperation between companies and non-governmental organizations is very often linked to risk management and a need for transparency. A continuous dialogue between companies and NGOs can enable companies to recognize emerging new risks such as social risks and environmental issues. Social risks can involve subcontractors or suppliers disregarding laws or ethics, for example, by paying less than the minimum salaries or using child labor. Companies can monitor the arising problems in collaboration with NGOs, and try to solve potential problems as early as possible.

In the latest CR research carried out in Finland by the FIBS ry, the risks concerning the image and brand reputation of a company were seen as the most important factors when investing in CR. According to Harmaala & Jallinoja (2012, 96-97), the company image has a straight effect on business success due to the image being based on the relations between the company and stakeholders. Therefore, risk and issue management are crucial parts of CR management.

From the business perspective, several other potential benefits can arise from the cooperation. Freeman et al. (2008, 4) argues that the cooperation can prevent regulators from using a political process to restrict companies to pursue profits. By engaging in CR proactively and operating above minimum legal requirements, a company can maintain its latitude and secure their license to operate. Keeping communities satisfied, a company can increase the social capital in form of social networking.

There are several different benefits arising from the cooperation between companies and NGOs. However, the measurement is more complicated and the benefits gained in cooperation are often based on perception rather than any accurate measuring methods. According to Harmaala & Jallinoja (2012, 59) a direct connection between company’s CR actions and financial success is complicated. Measures which have been developed to clarify the clear linkage between these concepts have not been successful. The most measurable outcomes of the cooperation between companies and NGOs have been cost-effectiveness in the use of energy, raw materials and natural resources. Investing in social responsibilities by increasing occupational safety and the know-how of the personnel can bring cost savings by decreasing sick leaves and creating a more productive working environment.

As stated above, cooperation forms can result in various kinds of business benefits. It is common for all the benefits that they enable managers to use cooperation to create and manage resources, but also to be able to prevent disadvantageous situations that can arise from the company’s operating environment. Some forms of cooperation can offer new innovations and perspectives, and even create new markets, products or business models.

Non-governmental organization perspective

Companies are becoming more proactive in practicing CR and engaging to solve global social and environmental issues in the cooperation with the third sector and governments. NGOs are moving as well to more proactive direction in their relations with companies. Rather than being a reactive in individual situations, NGOs want to find solutions and design sustainable development in collaboration. A relationship building with companies depends on the ideology, mission and present situation of the NGO. NGOs can position themselves to confrontation with a company, or take more pragmatic approach where cross-sector collaborations are possible (Vernis et al. 2006, 23-25).

According to Vernis et al., the main motive for NGOs to collaborate is financial. NGOs might have different main driver in their operations, but they also need funding and receive donations from the public and the public administration. Corporate funding can be more flexible and easier to get than the public administration support, where the agendas for funding are changing from time to time. NGOs can benefit from the cooperation by networking and getting visibility in business life. An environmental organization can create new contacts to other companies and organizations operating in their field of interest, and therefore it can strengthen their own mission. Companies can also provide new communication channels for NGOs and their message, and therefore help them to communicate with new social groups which would, in different circumstances, be evasive (Vernis et al. 2006, 28).

The third major benefit Vernis et al. (2006, 28) mentions, is knowledge exchange and 'flow of influence'. NGOs can access the knowledge of companies, and sharing information can give new perspectives that enrich not only NGOs but also companies. Companies can provide their knowledge and experience about the business skills and methodologies that adds value to the NGOs. Under mutual 'flow of influence', the NGOs can apply the acquired new knowledge and skills in their organization. In addition, a company has knowledge about the field and industry they are operating in, that might interest the NGOs. In collaboration, the NGOs and companies can design sustainable development strategies.

The NGOs have the agenda and mission, and the most significant benefit for NGOs is to carry out their own mission. Therefore benefits should not be reviewed as something that only concerns the NGOs as organizations, but also to review societal outcomes of the cooperation. All benefits are not about societal outcomes, but they can be also industry specific. Blowfield and Murray (2008, 123) named few societal outcomes beneficial for local communities and the public sector from mining, such as resources for the community development, improved infrastructure, enhanced tax and skills base and empowerment of communities. The environmental NGOs have their own unique agendas, which are related to the social and financial aspects, but are mainly focused on the environmental issues. Therefore the most significant benefit for environmental NGOs in this study is related to the protecting forests and sustainable forestry.

2.2.3 Challenges of the cooperation

Building a trustful relationship requires resources from both partners. Resources can be more easily available in bigger companies and organizations. According to Joutsenvirta and Kourula (2011, 224-225), the company might have many resources to enable cooperation, such as human resources, time, financial means and different competences, but lacks some critical resource that can set barriers for the cooperation. Also the company's concerns over losing power on decision-making in important issues, or fear of revealing sensitive material to competitors can make cooperation more complicated.

Kuvaja and Malmelin (2008, 37) argues that Finnish forest companies are insecure about distributing material due to the apparent risk. Therefore, companies are not willing to hand over information, for example, about the protected forest areas to the public. Companies are worried about the information being used for damaging purposes by the most critical stakeholders and competitors. Negotiations with other stakeholders and negotiation results are often inside the company. Thus, unfinished matters are not considered worthy of being communicated.

Joutsenvirta and Kourula (2011, 224) recognize many other challenges in cooperation, such as difficulties to measure the outcomes and reviewing the results in the short-term. Business-partners usually prefer short-term benefits and NGOs more long-term goals. Companies and NGOs view the world from different perspectives and their values, organization cultures and targets may differ greatly from each other. Finding common views might be difficult, and if the company is a multinational corporation and an environmental NGO is a small local player, unequal power distribution in decision making can be an obstacle to the continuation of a partnership. Interpersonal relationships created before or in cooperation have significant effect on the success of the cooperation (op. cit. p. 225).

According to Vernis et al. (2006, 35-36), NGOs can be very critical towards companies. Many environmental organizations find collaboration a useless approach to solve problems. The history and reputation have always affected on decisions when monitoring possible partners. Mutual trust is crucial for successful cooperation. Therefore, the lack of trust and unequal power distribution are the most usual causes for a break-up (op. cit. p. 34-36).

Caplan (2003, 31) argues that partnerships are described in far too 'harmonious' in literature and give often misleading ideas about partnerships with unrealistic expectations:

> *While partnerships hold enormous promise, they are not the panacea to sustainable development as some contend. Rather if the foundations are solid and our expectations realistic about how challenging they are, they are a serious tool in the toolbox. Tools though may only be needed to build the project. Partnerships in and of themselves need not be sustainable; it is the activities or projects that organizations undertake together in partnership that hopefully will be.*

Caplan (2003) argues that cross-sectional partnerships are unnatural due to the different natures of business and the third sector. A common ground and mutual visions should not be considered a necessary starting point for cooperation because it is actually impossible. Companies and NGOs have both different objectives, even though they are not mutually exclusive goals. More crucial for partnering should be to clarify the expectations towards the common project or some other cooperation form chosen, and acknowledge the risks for both parties. This will create a common understanding and helps to proceed in the partnering process (Caplan 2003, 31-32).

2.3 Non-Governmental Organizations

Non-governmental organizations (NGOs) are known as ”civil society sector”, third sector” and ”non-profitable sector”. According to Joutsenvirta & Kourula (2011, 211), NGO´s are private and non-governmental organizations which are operating not-for-profit.

In this thesis, the nongovernmental organizations or civil society sector are defined based on the structural-operational definition created by Lester, Sokolowski and Wojciech (2004). The definition includes five features to describe ”civil society sector” or NGOs. The term an *NGO* refers mainly to its non-governmental origin, but lacks information about the structure, governing and other information relevant to describe the operations. NGOs in this thesis are organized, they have regular operations, they have a private background, their aims are not commercial, they are self-governing and people are free to join into their operations. In this thesis, the chosen NGO’s main agenda is about increasing biodiversity and environmental protection (Lester, Sokolowski & Wojciech, 2004, 9).

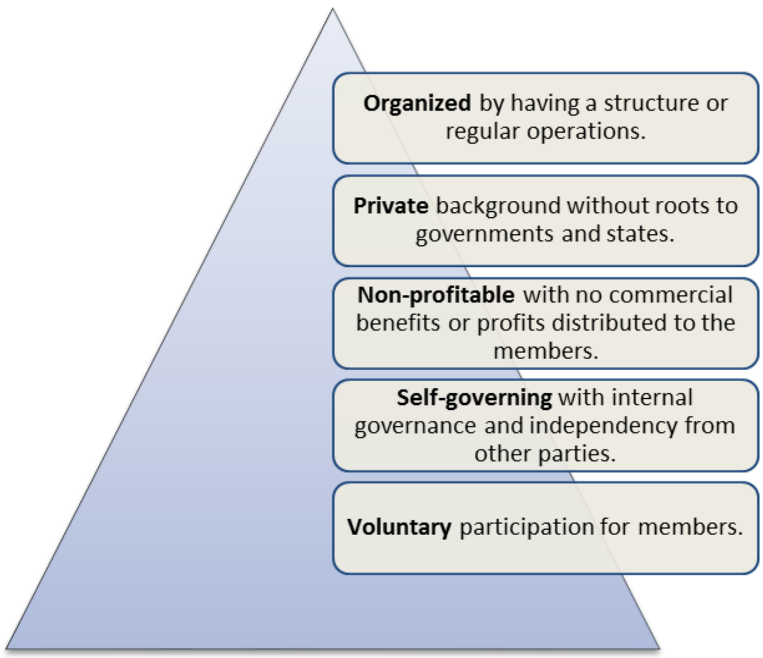

FIGURE 9. The structural-operational definition of the NGOs (Salamon, Sokolowski & Wojciech, 2004).

Juholin (2004, 124) argues that the main reasons for NGOs to connect to the companies is that they 1) want to have an affect on the company's decisions and operations, 2) want to make cooperation or 3) want to receive financial support from the company. However, there is also a pure interest from non-governmental organizations side to monitor how companies are performing from the corporate responsibility perspective.

It is essential to point out that NGOs can take different roles when promoting their social and environmental values. Juholin (2004, 122-124) categorizes the role in relation to the society and companies to the neutral, constructive, critical or even resistant approaches. Some of the NGOs refuse to cooperate with companies, because they think it will threaten their independency and credibility in the eyes of other stakeholders, such as other NGOs and society. NGOs are social capital for the society and the communities.

According to Vernis et al. (2006, 23; 27), NGOs are needed as part of the society's self-regulation. The states are increasingly outsourcing the services that public sector has traditionally provided to the citizens. This has caused the situation, where both NGOs and companies are entering new operating fields and areas. Thus, the requirement for society's self-regulation does not disappear due to the cross-sector collaboration. NGOs and companies still need to engage in regulating and structuring the society.

The amount of non-governmental organizations and their power has increased during globalization. Citizens want to increasingly get involved to the social movements and voluntary work to share responsibility of enhancing wellbeing in their communities. Alongside to many governmental actors, the multinational corporations and intergovernmental organizations, NGOs have important role in international politics. Non-governmental organizations put more pressure on the companies to take corporate responsibility more seriously, and are continuously monitoring their environmental performance (Joutsenvirta & Kourula 2011, 212).

3 RESEARCH METHOD AND DESIGN

3.1 Research method

Business research can be done based on the quantitative or qualitative approach. A qualitative method is used to describe and understand reality via cultural meanings. Quantitative research includes a more systematic and structured approach to collect and interpret the data. A quantitative approach is explanatory while a qualitative approach concerns more about understanding the phenomenon (Eriksson & Kovalainen 2008, 4-7).

According to Hirsjärvi, Remes and Sajavaara (2009, 136-137), the qualitative and quantitative methods can be differentiated based on research practices. Instead of viewing qualitative and quantitative methods as opposites, these methods can complement each other. Therefore, a more essential question is to clarify, which method is the most appropriate for this particular research in order to provide a holistic understanding about the research problem.

The aim of the research was to explore the cooperation between a particular national industry and NGOs, and to describe how companies and NGOs perceive cooperation from their points of view. A qualitative research method supports the descriptive purpose of the study. Considering the small number of companies operating in the Finnish forest industry and the non-governmental organizations operating in the field of environmental issues, few interviews were expected to be needed. In addition to the scarcity of the participants, a qualitative method was chosen based on the nonstructural and non-statistical quality of the data collected.

3.2 Research approach

A relation between two parties is a complex research topic. There is no unambiguous theory or structure for cooperation between businesses and non-governmental organizations. According to Eriksson & Kovalainen (2008, 117), case study allows diversity and complexity in research aims. The purpose of this research was to answer the questions ‘what’, ‘why’ and ‘how’.

A case study provides a well-suited approach, because according to Yin (1994, Ghauri & Grønhaug 2002, 172), it can answer the questions ‘how’ and ‘why’ when the researcher has little control over events and the current phenomenon has a real-life context. In addition, a case study enables studying several different organizations with a specifically defined set of variables.

Due to the lack of previous studies on the subject, semi-structured interview was chosen to support the aim to answer the research questions, but also to allow the participants to indicate new kind of knowledge. The selection of interviewees was based on their similar backgrounds and positions in the same field of industry and environmental agenda to enable comparison. According to Ghauri & Grønhaug (2002, 173), this form of case study is called comparative, and the aim is to compare the phenomenon in different cases systematically, explore the different dimensions of the issue or study the different levels of the research variables.

Eriksson & Kovalainen (2008, 118-122) make a distinction between single-case studies and multiple case studies. Single case studies focus on one unit or an individual as a ‘case’, whereas multiple case studies focus on issues using several individuals as ‘instruments’ in a study. The representatives of Finnish forest companies and environmental NGOs are instruments in this particular study to ensure the consistency of the empirical data. Adding the fifth representative from the organization with the respective amount of experience about building cooperation between companies and NGOs can provide new perspectives for the study. Choosing a case study is supported also by the fact that the main focus in this study is to examine cooperation between Finnish forest companies and environmental NGOs holistically as a phenomenon, not to focus on the single case itself.

3.3 Research design and collection of data

After the research method and approach has been chosen, the research will proceed to research design. In research design the author chooses a strategy to collect empirical data which enables answering to the research question. Decisions concerning the research design have effect on the quality of empirical research and therefore, must be carefully planned. In order to gather empirical data, two kinds of sources can be distinguished: primary and secondary data. Secondary data is collected by others and can be gathered to other purposes, but can be used for the author’s research purposes. Primary data is collected by the author and the purpose is to answer the research question at hand (Ghauri & Grønhaug 2002, 27; 47; 76).

Before collecting our own primary data, secondary sources should be investigated. Secondary data can help to answer the research questions or solve the research problem. In addition, secondary data can support in problem formulation and creating research questions (Ghauri & Grønhaug 2002, 76-78).

Secondary data

Searching secondary data about the research subject, can also give an overview about the phenomenon. According to Hirsjärvi, et al. (2009, 109-111) the research problem will transform to specific research questions while the author gets more familiar with the secondary data. Other sources of data can provide an insight to the author and enable to justify the need for specific research to be done. While going through secondary sources, the need for narrowing down the research problem and sharpening the research questions can occur.

In this research, secondary data was used to build the theoretical framework although it was used during the whole research process as well. Due to the research topic is relatively new, the author was able to identify the most recent publications and academic sources about the subject. However, more specific data about similar kind of research was challenging to find. Great number of secondary data was touching on the subject at the general level. Industrial or field specific research about the topic was reportedly low or non-existing. Therefore the need to collect the primary data was inevitable.

Primary data

According to Ghauri & Grønhaug (2002, 81; 85), primary data is used when secondary data is not available or it is not able to provide answer to the research question. Research problem will define the choice of data collection. Data can be gathered using observation, experiment, interview or survey. The interview as a data collection method was addressed by the representative of the VTT. Therefore the author was not required to make decision between different data collection methods. However, in order to justify the chosen method and to get sufficient knowledge about interviews before contacting the interviewees, it was necessary to assess and examine interview as a method for gathering empirical data.

Interviews can be categorized to structured and non-structured, and they can be conducted individually or in groups. The structured interview means a standard format interview, where emphasis is on fixed response categories and systematic approach. Unstructured interviews have only leading questions allowing interviewees to express their opinions more freely. Semi-structured interviews differ from these two forms of interviews by naming the topics and issues in beforehand (Eriksson & Kovalainen 2008, 78; Ghauri & Grønhaug 2002, 100-101).

Eriksson & Kovalainen (2008) argues, that it is crucial to acknowledge the challenges concerning interview as a data collection method. Using interviews can provide information which helps to answer the research question. However, like any other data collection method, the interview has its own strengths and challenges. Not only it is time-consuming, but collecting data from the interviewees in form of interview questions is not alone sufficient to answer the research problem. The role of interview questions is that they generate material which must be analyzed in order to answer the research questions. Without the basic knowledge about how to prepare and execute proper analysis, the answers are only reorganized, but are not able to provide answers to the research questions addressed (op. cit. p. 78-79).

3.4 Semi-structured interview in collecting primary data

The research problem requires choosing a partially unstructured method to communicate with the participants. New perspectives might be indicated in the interviews that affect on how the participants perceive a successful cooperation and the gained benefits. Therefore, the author wanted to have the respondents freely discuss their opinions and reactions. However, considering the complexity of the cooperation and the need to answer the research questions, some form of a structure for the communication was necessary. The aim of the interview was to study the experiences of the interviewees. Therefore the method chosen to collect data was a semi-structured interview.

According to Eriksson & Kovalainen, themes and issues are preprepared in semi-structured interview. Preparation leads to systematic approach allowing the interview to transform into informal conversation with flexibility in wording and asking questions. New questions can arise when new interesting information is discussed and more information about the topic is needed. The semi-structured interview allows having a systematic structure and therefore the most important outlines should be covered, but at the same time, allows informal conversation. The challenge of using a semi-structured interview is that the participants interpret questions differently and therefore generate different kind of responds which might be difficult for comparison. A semi-structured interview as a data collection method requires professional knowledge and careful preparation from the interviewer (Eriksson & Kovalainen 2008, 82).

3.5 Designing the interview questions

Designing interview questions starts with analyzing the research problem, understanding what kind of data are needed and choosing the interviewees based on the ability to provide the needed information. The interview questions should enable obtaining valid and relevant information to answer the research problem. Designing proceeds by drafting interview questions and comparing them multiple times to the research problem. Consistency between questions and what kind of answers they can provide should be tested. Pre-study can be used to evaluate researcher's and interviewees' understanding about the research problem and interview questions (Ghauri & Grønhaug 2002, 102).

In this research, a pre-study was conducted with one of the interviewee. The pre-study provided information about inconsistencies between questions and research problem, but also revealed the timeframe needed for the interviews. Some changes were necessary, but the structure of the interview seemed logical and consistent in order to proceed into interviewing the rest of the participants. Interviewees were presenting three different sectors, and therefore questions were asked slightly different way depending on which perspective was under reviewing.

3.6 Analyzing the data and writing process

Data analyzing starts in the beginning of the study in a form of interpretation that can be systematic or non-systematic. In the systematic approach, the first phase of the analysis is to focus on the each case individually. In the next phase, the cases are analyzed together in the cross-case analysis, where the cases are compared with each other to find similarities, patterns and differences. In addition, findings are reviewed against the background theories (Eriksson & Kovalainen, 2008, 127-128; 130).

Non-systematic interpretation and coding was continuous process during the research due to the explorative nature of the two latter research questions. Also lack of the existing and exhaustive theory for cooperation between companies and NGOs required inductive-oriented approach. In order to ensure proper analyzing of the empirical data, the explanation building and the cross-case analysis techniques were chosen. The explanation building tries to find causal links, while the cross-case analysis focuses on reviewing the cases individually (Eriksson & Kovalainen, 2008, 129-130).

The report was written for academic audience, business practitioners and stakeholders. Because the study was also a thesis, detailed description about designing and implementing the research was required. The results and conclusions were written using more clear and practical approach to simplify the information retrieval. The figures and charts were added in order to facilitate the readers to form an overall picture of the phenomenon.

3.7 Research ethics

Research ethics can be fundamentally explained as the difference between 'right' and 'wrong'. Ethical principles give guidelines for the researcher about what can be considered a good scientific practice and what is considered unethical and harmful action from the perspective of scientific communities. Institutions often establish their own set of principles in order to ensure high ethical and scientific standards. Some ethical principles are universally accepted, but some ethical issues are more complex. Nevertheless, some general key elements in ethical guidelines can be highlighted, such as the protection of participants in the research (Eriksson & Kovalainen 2008 65; 70).

Researchers have moral obligation to inform readers about reliability and credibility of the research, and raise reader's awareness about underlying uncertainties and complexities. The purpose of the research should not cause embarrassment or any other disadvantages for the interviewees. Participants should be informed about the real purpose of the research and therefore enable them to participate on a voluntary basis and give informed consent. Participants should be informed about usage of the technology if the interviews are recorded, and preserving participant's anonymity and confidentiality should be assured. In addition, participants should be aware of how the collected data will be used. In writing process, the researcher must evaluate if there is enough evidence to draw the conclusions and what are possible bias of the researcher. Plagiarism can be avoided by using citations and references. The researcher should give acknowledgement to other researchers and their work, and not obtain credit for other people's ideas (Ghauri & Grønhaug 2002 18-20; Eriksson & Kovalainen 2008, 70-75).

According to Eriksson & Kovalainen, credibility of the research have linkage to following the ethical rules, and therefore the researcher should get familiar with them before starting the research process. Often research ethics is linked to interviews and data-collection process. However, research ethics should be present in actual research process from the beginning to the end. This contains starting the relationship between researcher and researched and ending to the phase where the report is published (Eriksson & Kovalainen 2008, 64-65).

4 IMPLEMENTATION OF THE RESEARCH

This chapter will simplify the research process and demonstrates the phases of the research in the chart (FIGURE 10). The topic for the thesis came from the representative of the VTT, who introduced the project Fortune to the author. After formulating the topic for the thesis, the research continued with the secondary data review. This phase increased the author's knowledge about the subject and enabled to outline the research problem.

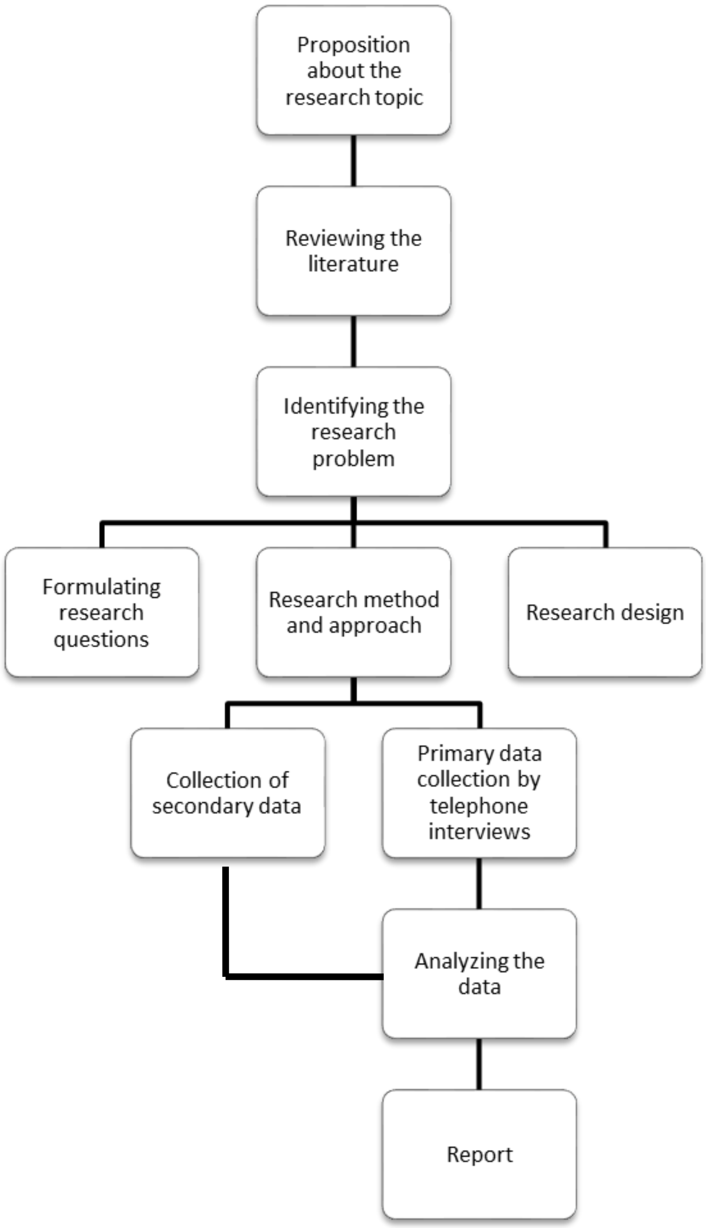

FIGURE 10. The research processes.

Complexity of the topic required merging three theoretical backgrounds into the research; corporate responsibility, the stakeholder theory and different forms of the corporate engagement in CR. In addition, definition for NGOs was given.

After formulating the research questions, the data collection method was chosen. The interviewees were contacted via emails. Interview questions were formulated and the primary data was collected via telephone interviews. During the data collection, the author's understanding about the cooperation as a phenomenon increased, and therefore the research questions were evolving during the whole process.

The author interviewed the representatives from two internationally operating Finnish forest companies, the representatives from two environmental organizations and one representative from the organization connecting companies and NGOs in the corporate responsibility context. Two Finnish forest companies and couple of environmental NGOs were contacted without reply.

5 RESULTS

This chapter will present the results and the findings of the research. Due to the small size of the sample, the results are presented anonymous. Representatives will be referred as ”Company A”and ”Company B”indicating to the Finnish forest companies, and ”NGO A” and ”NGO B” referring to the environmental organizations. The fifth participant from the organization connecting the companies and NGOs is referred as ”Organization A”.

5.1 Cooperation forms between the environmental NGOs and the Finnish forest companies

The first question concerned cooperation forms in the past or present to get an overview about what kind of cooperation with NGOs takes place in the

Finnish forest industry. Company A and Company B both had a strategic cooperation with environmental NGOs related to the certifications, campaigns, product testing, product development, and common projects. In one example, the environmental NGO had generated different rankings and tools for consumers in Internet. The rankings and tools enable to evaluate and compare the forest companies and their products from the sustainability point of view. Different products and environmental parameters such as transparency in the supply chain and ecological food print in the production can be compared. The indexes and rankings have required cooperation by exchanging knowledge between the NGOs and the forest companies.

The projects include exchanging knowledge and creating better practices to manage plantation forestry. These public cooperation forms can involve several forest companies and environmental NGOs, and their core cooperation form is based on a consultation and information exchange, dialogues, common projects and programs, strategic partnership, certification and eco-labeling. Company A's representative connects the publicity to the strategic aims of the cooperation:

> *…Especially the ones which we decide to make public, there the strategic question is big… considering if we even want to come out together or not. We might have the same aims within the company and within the NGO, but they need to be brought into the publicity in a very different way. With the grassroots work, we have the same goals but we don't want to make it public.*

Company A mentions a non-public and confidential cooperation with environmental NGOs concerning mainly about the forestry and improving biodiversity on the certain pre-selected forest areas. This form of cooperation is based on dialogues, exchange of knowledge and information, consultation and single or multiple projects. In this kind of cooperation the aims are targeted to the concrete results which are easily measured. The cooperation usually takes place locally, and Company A representative refers to this cooperation as ”the actual conservation” where the forest company and the environmental NGO have the same aims. Nevertheless, both Company A and B clarified that any kind of cooperation with the NGOs has always connection to their core business and the focus on the issues that concern the company from the business perspective. Company B stated, that their cooperation is based on the contract for the certain timeframe, and within this timeframe mutual projects are discovered. Thus, the cooperation does not form from single projects, but there is a long-term partnership where the concrete projects are developed within.

Both NGO A and B stated to have continuous dialogues with the Finnish forest companies. Dialogues concern mainly about the issues of protecting forests and forestry. NGOs gather data to back up their views about what forest areas should be protected and have informal discussions about their suggestions with the forest companies. NGO A named also money donations and the FSC (Forest Stewardship Council) certification as one part of their cooperation activities with the forest companies. NGO B did not have knowledge about existing projects with the Finnish forest companies, but estimated that the number of common projects or other forms of cooperation excluding dialogues is low or zero.

When asking an overview of the present situation of the cooperation from Organization A, the representative stated that one cooperation form between environmental NGOs and the forest companies is a local cooperation to support market expansion. Cooperation with aims to enter new markets takes place internationally. The local NGOs are found as a neutral and reliable source in providing the data about the local environmental values and biodiversity. Organization A added, that companies can complement their level of expertise using NGO’s specialists, and with any other issues where enough expertise or knowledge cannot be found within the forest company.

In summary, the Finnish forest companies prefer a long-term cooperation where partnership can be public or non-public based on the expected outcomes and strategic aims. The public cooperation is used when companies want to improve their image in engaging in CR and increasing transparency in the eyes of the stakeholders. The non-public cooperation is used to engage in environmental protection and building long-term relations with the NGOs where information and knowledge can be exchanged, and the concrete outcomes can be measured. All forms of cooperation existed between the Finnish forest companies and environmental NGOs; philanthropic, CR integration and CR innovation engagements were used between the Finnish forest companies and the environmental NGOs.

5.2 Benefits gained from the cooperation

The second research question was about studying a form or forms of cooperation that can support the both parties to gain mutual benefits. Before evaluating the most beneficial form to the Finnish forest companies and the environmental NGOs, it is essential to identify what are the benefits from the Finnish forest industry and the environmental NGOs perspective, and to

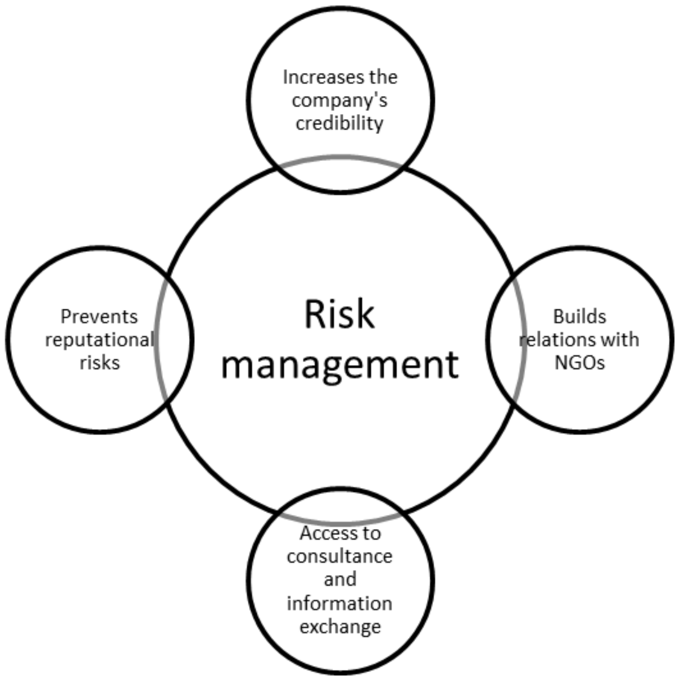

FIGURE 11. Connection between the motives and benefits of the cooperation from the company perspective.

evaluate if the benefits are unrelated or are there common characteristics to be recognized.

The participants were asked to identify the benefits gained from the cooperation and to describe how these benefits were measured. Company A stated that they had cooperation with the environmental organizations in single issue consultation in the form of product development and product testing. Environmental NGOs can evaluate the sustainability and environmental aspects used in the product and production process before launching an ecologically sustainable product to the market. Therefore, the cooperation can reduce risks of a product being criticized publicly for not being environmentally sustainable. The cooperation can also protect a company's reputation by using only 'greenwashing' in their marketing. Greenwashing refers to a company which claims to operate in an environmentally sustainable way without any actual efforts.

Company A stated that the cooperation with environmental organizations related to product development will give the organizations more power in the decision making of a company, and therefore, increases the mutual trust. This can help the company to reach their aims to show to other stakeholders that the forest industry, in their opinion, stands on sustainable ground. Company A stated that measuring reputational benefits and risk management is challenging. Both companies stated that single short-term projects with concrete results were more easily measurable. Company B stated that measuring long-term results was difficult, and measuring the outcomes of continuous projects on a long-term basis was challenging.

The environmental NGOs stated that raising an awareness of environmental issues in forest companies was an important outcome. Approved suggestions about the forest areas that need to be protected were the most important concrete results. Benefits and results were not measured by the NGOs, and the evaluation of outcomes was based on perception. Therefore, the most important benefits are tightly linked to the agenda and mission of the NGO's: to environmental sustainability and protecting natural resources (FIGURE 12).

FIGURE 12. Benefits gained in the cooperation with companies support the main mission of the environmental NGO.

Organization A stated that the most outcomes of cooperation are difficult to monitor and measure particularly on a long-term basis. Sometimes outcomes can be reached, but the long-term effects of reaching these outcomes are unknown. However, in a deeper cooperation, the companies and NGOs can learn from each other. NGOs can gain knowledge about the business world and learn more systematic approach and strategy building. Companies can adopt a different perspective from that of the NGOs and show credibility in their environmental activities.

5.3 The most beneficial cooperation form

The participants were asked what kind of cooperation has been the most successful from their perception. Company A divided the cooperation based on the company’s strategy. The cooperation can relate to the risk management in order to ensure ’a good image’ of the company and increase transparency. Non-public cooperation, on the other hand, has concrete aims and purposes, and therefore, the outcomes can be more easily measured. The non-public cooperation was seen less complex due to the lack of pressure from publicity. A confidential cooperation ensures keeping the focus on the concrete aims without uncertainty and pressure of how other stakeholders and NGOs might react to the cooperation. Also the meaning of trust was mentioned – building cooperation between two parties requires time and resources, and building trust is a long-term process. The success of the cooperation is dependent on the aims of the company and the NGO. Company B did not mention any specific form of a cooperation, but highlighted the importance to find ”a common ground” with the NGO, and developing the cooperation based on the common aims.

NGO A mentioned the FSC certification process as a form of cooperation that can support the aims from the environmental perspective. The both NGOs stated the lack of open communication and lack of power to influence on decision-making are the most problematic issues when discussing with the companies. The FSC certification allows the NGOs to participate equally to the decision process and therefore, from their perception common views and beneficial outcomes were gained more often.

Another cooperation form mentioned was non-systematic dialogues with the companies. Both NGOs mentioned to gain the beneficial outcomes by having continuous dialogues and information exchange with the forest companies, but in addition, mentioned their power in decision-making was more limited. The outcomes from the NGO’s perspective varied, but the positive outcomes were enough proof that the cooperation and dialogues should be continued.

When asking the most functional form of cooperation form from Organization A’s point of view, the interviewee told philanthropic activities to be the most beneficial for the companies that have less or no resources to start a long-term and strategic cooperation. Continuous dialogues are the most beneficial for the company, especially in the situations where the NGO criticizes the company. Dialogue should take place before any possible crisis can arise, but also in the situation where a crisis has already happened. Continuous discussions can enable companies to monitor the concerns of the NGOs, and therefore, enables more effective risk management. Cooperation with NGOs can provide a new kind of knowledge and skills that cannot be found within the company. In the Finnish forest industry, Organization A's representative described the most beneficial form of cooperation is consulting, which means knowledge and information exchange.

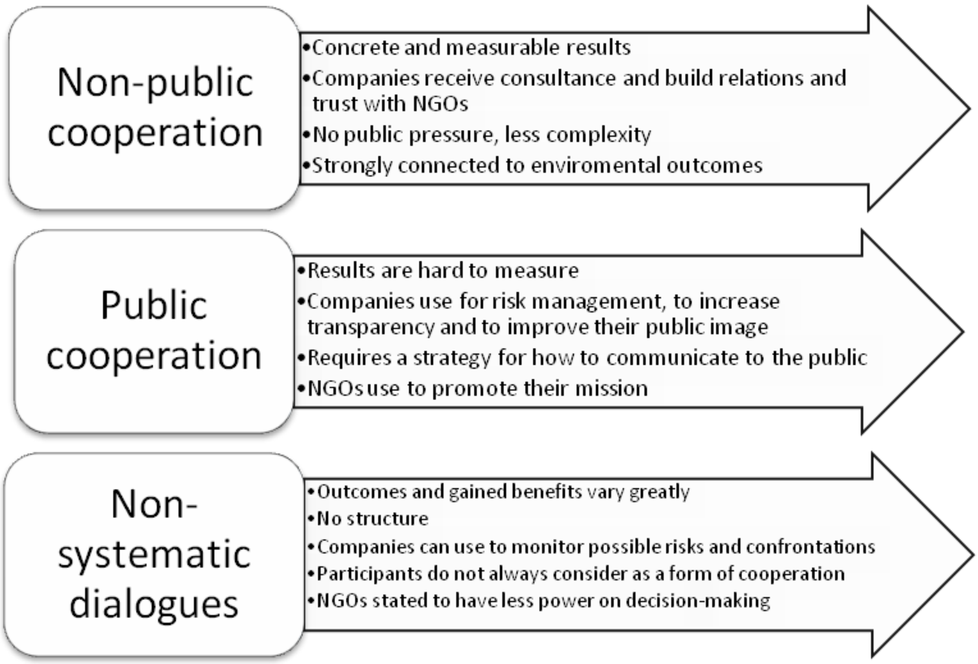

FIGURE 13. Characteristics of different cooperation forms.

5.4 Expectations toward the cooperation

The third research question was about how the cooperation between the Finnish forest companies and the environmental NGOs could be improved. In order to understand successful and beneficial cooperation, the companies and the NGOs were questioned about their expectations. The following table describes the conditions, terms and expectations that the Finnish forest companies and the environmental NGOs stated to have for the cooperation (FIGURE 14).

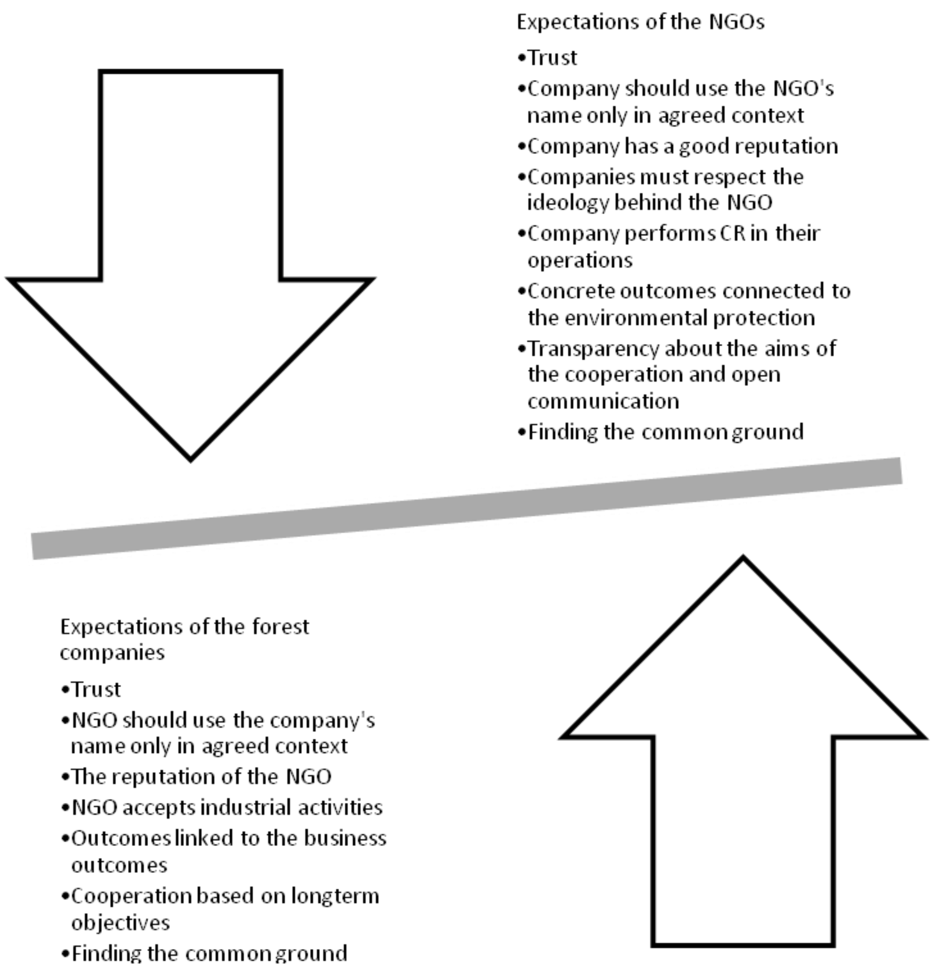

FIGURE 14. Expectations for the cooperation.

Both companies and NGOs stated that the most important factor in cooperation is trust, and the both parties should be sensitive about the risks concerning organization’s reputation and usage of the partner’s name in the public. The companies were reserved about how they would be connected to the NGOs and their opinions while the NGOs, on the other hand, want to avoid their name being used for any marketing and marketing communication purposes. NGOs want to avoid the situations where the companies have demands which are inconsistent with the NGO’s ideology. NGOs stated to be uncompromising what comes to their ideology and their role in society, where they monitor companies and express requirements for companies to engage in CR. The forest companies required their partners to accept the existence of the industry and have willingness to seek proactively solutions to the environmental problems using the cooperation as a tool.

The reputational factors of the NGO were important when choosing a potential partner. Company A distinguished conservationists who resist all the industrial activity, and the environmental organizations which have genuine interest on improving the state of environment by using the cooperation with the forest companies. Company A evaluates any form of cooperation with the conservationists of being impossible due to totally different point of views.

Also NGOs review companies and their public image carefully before considering any form of partnership or cooperation. NGO A stated that they are the most interested about the big forest companies because they are the most significant owners of the large forest areas. In addition, NGOs required that the partnering company should engage in CR and perform its’ duties as a part of civil society. Therefore the cooperation should have concrete outcomes that increase environmental protection and biodiversity.

The Finnish forest companies required cooperation to have connection to their business performance and profitability. Finding the common ground was seen the most difficult part in the beginning of the process. Companies prefer long-term relations while NGOs need concrete outcomes in short-term. NGO A highlighted the importance of the companies to communicate their aims and goals openly to their partner. Both NGOs stated that having dialogues with the companies is not, and should not be, the main objective of the cooperation, but the implementation of corporate responsibility must include practical approach with high potential to gain the concrete results.

Organization A stated that the main purpose of prior conditions, terms and expectations were linked to risk management. Both companies and NGOs want to avoid any unexpected situations occuring after starting the cooperation. Companies expect neutral and credible approach from NGOs. NGOs should enable the company to increase credibility of the mutual environmental campaigns and projects. Increased awareness of consumers and other stakeholders has raised distrust towards companies' efforts to be more environmentally sustainable. Engaging in the civil society and cooperating with NGOs can increase a company's credibility and bring a new kind of knowledge about environmental sustainability to the company.

5.5 Challenges to overcome

The participants were also asked to name the most significant challenges of or obstacles to the cooperation. The following table describes the factors that were named to be the most challenging and/or direct obstacles to starting or continuing the cooperation between Finnish forest companies and environmental NGOs.

Company A named the financial situation and lack of resources to be one of the main obstacles to the cooperation. Trust issues from both sides and reluctance for cooperation from the NGOs side were seen as significant obstacles and challenges. Company B thought that the different time perception and reactive approach of environmental NGO's were challenging:

It is the timeframe… Industrial companies have been characterized to be conservative and innovating new things… or how willingly the new things are taken to forward, or how open-mindedly new cooperation forms are searched… It can be a challenge. But the passive approach concerns also the NGOs; they rarely bring out new ideas, but rather just listen company's ideas and experiences, and then make their decision to take part to the cooperation based on what they hear… Rather than had considered beforehand what they could, on their part, offer to the company other than education and raising awareness… NGOs have a great number of experts that could cooperate with the company to improve the company's CR strategy… That would be really valuable.

The NGOs experienced the unequal power distribution in decision making to be the most challenging in the cooperation. Influencing the public opinion and using publicity as a source of forcing companies to engage more in CR was seen as an important tool to reach the outcomes beneficial for the NGOs. NGO A highlighted, that too close relationships with the forest companies is not consistent with their main goals.

The different aims of the companies and NGO's were seen as a significant challenge. Both the NGOs were critical concerning companies' motives to engage in the environmental protection and improving biodiversity. These actions were seen to be a result of the public pressure and increased criticism from other stakeholders, such as customers. Also different parameters to measure organizational performance were seen as a key issue. Concerning cooperation, NGO B stated that the different aims between companies and NGOs should be accepted in the beginning of the process.

NGO B stated lack of transparency to be problematic when cooperating with companies. Also the use of jargon and lack of open communication were creating misunderstandings and wrong interpretations. Organization A named finding correct partners and recognizing the areas in the company that could be developed in cooperation with NGOs to be significant challenges. Also different organization cultures and lack of resources can prevent beneficial cooperation.

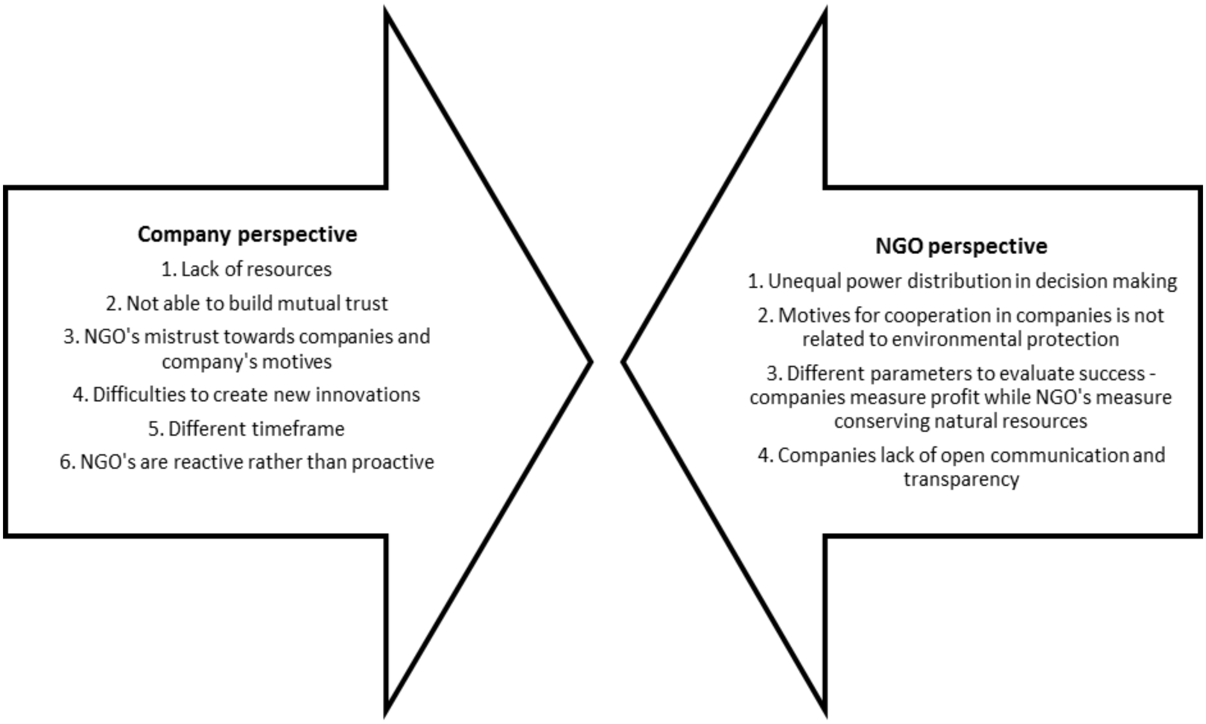

FIGURE 15. The challenges of the cooperation.

Companies and NGOs were asked how to overcome these challenges. Company A stated that increasing cooperation with NGOs could activate other NGOs by showing that real results and outcomes can be achieved. Companies should also avoid using cooperation only for risk management and marketing purposes and use it only when there is a true need to engage in CR activities. Concerning how to overcome the challenges in cooperation, NGO B told the following:

Still we confront situations where… We must bring out clearly what we want and what is our aim. There is still old thinking that conservationists want to protect all the forests, and this starting point should be corrected. It is not about that. We have the belief that there is a need to protect more forest areas in Finland than is done at the moment, and we believe the forest companies have lot to offer. We should encourage (companies) to think how it can be advantage to everyone, also to the companies, without direct confrontation.

6 DISCUSSION

6.1 Additional findings

Communicating about cooperation to other stakeholders and future development

The research provided some additional findings requested by the assignor. The participants were asked how they communicate about the cooperation to the other stakeholders. Company A stated to communicate about the cooperation with NGOs mainly to their customers and authorities. Non-public cooperation was not communicated to other stakeholders. Company B communicated about cooperation in the internal communication systems such as in newsletters, magazines and in annual reports. However, the representative of Company B stated that they try to avoid proactive marketing in communicating about the cooperation with NGOs, and news that are produced about cooperation are mainly concentrated to present concrete results.

NGO A and NGO B stated to communicate about cooperation more openly, but noted that non-systematic dialogue, which was taking place the most when reviewing cooperation forms with the companies, was seen not important or relevant to communicate to the other stakeholders. Non-systematic dialogue therefore was communicated only internally within the NGOs.

Organization A stated that sponsorship and other cooperation forms where the publicity is part of the aim and main strategy, the cooperation is communicated to the public. More strategic partnerships and cooperation forms, such as identifying a local endangered species or animals, does not require involving publicity. Therefore, deeper cooperation forms can offer companies a chance to develop their operational activities, but it is not seen as relevant information to communicate to the other stakeholders.

The last question of the semi-structured interview was about how cooperation between the Finnish forest companies and the environmental NGOs could be developed in the future. Company A estimated that partnership with only one environmental NGO can be also a risk factor. Companies wish more environmental NGOs to participate and have cooperation with the forest companies and especially if the NGOs were operating internationally. Also involvement from the Metsäteollisuus ry, the representative organization of the whole industry, was seen as a key player when engaging in environmental organizations. Company B wanted more proactive approach and networking from the NGOs. More forums for open discussion should be developed between the forest companies and environmental organizations to open discussions and maintain dialogues.

NGO A stated to have interest to increase the cooperation but also pointed out the need to increase transparency in companies as a one development area. NGO A and NGO B both had experiences of companies that have challenges to express their aims and goals clearly and openly and to give knowledge about the forests areas or expertise to the environmental NGOs was experienced difficult. NGO A also had a perception where the dialogues with the forest companies rarely transform words into actions, and therefore, the more concrete results should be expressed and clear communication should be increased.

Organization A raised questions about how more intensive and strategic cooperation is meaningful to develop, and is there a limit where the cooperation will finally ’hit the wall’:

> *One representative of the NGO once asked when NGOs will become actual consultants, but immediately resisted the idea. The ideologies behind NGOs are very strong and they don’t have willingness to take part to the business world due to their own strong inner drive… NGOs offer their expertise to the companies and therefore they are some kind of ’consultants’, but on the other hand, companies buy the know-how from the NGOs rather than from the business consultants, because the NGOs are found more reliable and neutral party from the other stakeholders’ point of view.*

In summary, all parties saw increasing cooperation important, but also acknowledged there are many development areas before cooperation can materialize.

6.2 Conclusions

Cooperation forms between the Finnish forest industry and the environmental NGOs could be characterized according to the action-oriented CR engagement forms. Therefore, the similarities in the forms, contents, motives and aims of the different cooperations across the industries, can be recognized. It is not evident if the non-public cooperations and non-systematic dialogues are used by the other industries. However, they can be recognized to be used in an environmentally high-risk industry cooperating with environmental organizations.

In this study, several benefits and outcomes for both parties were recognized. The benefits varied based on the chosen form of cooperation but were always connected to the main motive or motives behind the cooperation.

Problematic in cooperation between the Finnish forest companies and the environmental NGOs is measuring the outcomes. The environmental NGOs have mainly concrete environmental aims, and the gained benefits and outcomes are measurable also on a short-term basis. For the forest companies the situation is more complex. The most important motives for the Finnish forest companies to engage in CR and to cooperate with the environmental NGOs were risk management and risks concerning the company image and brand reputation. Reputational benefits cannot be measured accurately, and therefore, the resources used and outcomes gained cannot be evaluated and compared. Therefore, the Finnish forest companies consider carefully, what kind of cooperation resources can be used for and with whom to cooperate.

Some forms of cooperation could not have accurate measurable results. There was more variation in the goals and aims of the Finnish forest companies than the environmental NGOs. According to the interviewees, the cooperation should include potential to reach concrete outcomes concerning protecting forests and improving biodiversity. The most effective cooperation form for conservation was a non-public cooperation, where the company and the NGO have certain local projects with measurable goals. However, several sources and studies show that the most important outcome for companies engaging in CR is the company image and company brand reputation. Problematic in the non-public cooperation is that it cannot be used for goals which are directly connected to the publicity. Companies can monitor arising risks by deepening the relations with NGOs, and therefore use the non-public cooperation as a part of risk management. However, the effects on the company reputation are more challenging to verify. Therefore, companies should consider carrying out several different cooperation forms with the environmental NGO, where the both needs can be met more efficiently. Companies and environmental NGOs can negotiate about the mutual contract for a certain timeframe, rather than focus on a single issue or a project. Negotiating an agreement will enable both parties to express their main concerns and expectations, but also to define a set of rules for the cooperation and to create a description about how the cooperation should proceed. Contracts for a certain timeframe can also activate NGOs to evaluate what they can offer to the companies in exchange of being able to carry out their own mission.

One object of the research was about finding a form of cooperation that can create mutual benefits for both the Finnish forest companies and the environmental NGOs. During the research process it came obvious that the mutual benefits in cooperation can be challenging to find. The research shows, that because the aims of the forest industry and the environmental NGOs are very different from each other, the benefits gained in the cooperation cannot be always recognized to be mutual. Therefore the outcomes and benefits of cooperation are not the best starting point when companies and NGOs negotiate about cooperating. Both companies and NGOs should acknowledge that their goals and strategies in the cooperation differ from each other. This fact does not necessarily mean it should be an obstacle for partnering or implementing common projects. More crucial is building a mutual trust and respect, and therefore the companies and NGOs should be able to discuss about their strategies and aims openly. The possible outcomes should be considered and openly communicated to the potential partners.

The last research question was about improving the cooperation. The main concern NGOs raised to discussion was lack of transparency and communication. When expectations and aims are openly discussed, in order to start the cooperation, both parties should accept differing opinions as a part of the process. More focus should be in communicating expectations, creating the ground rules for how to manage sensitive information and defining the role of publicity. Clear understanding about the cooperation and about the steps to proceed should be created. It might be the way itself where the social, business and environmental objectives are possible to achieve. Therefore, the discussion should focus on finding out, what are the suitable forms of cooperation that can serve both parties and what kind of cooperation can bridge the expectations between NGOs and the Finnish forest companies.

6.3 Reflection on reliability of the research

The research required including representatives from the Finnish forest companies and the environmental NGOs. Therefore the number of the interviews was limited to few, and the perspective was based on two companies and two environmental NGOs. Therefore the research results can be considered as suggestive rather than generally applicable findings.

Complexity of the topic also required deeper conversance from the participants. The environmental NGOs did not require sending the research questions beforehand, and therefore the telephone interviews were more challenging to the participants. The telephone interview and more silent moments set more challenges to the author because in order to avoid wrong interpretations, the author needed to confirm if the research questions were correctly understood, or if the silence was a result of some other reason. After recognizing the challenges, the author sent the interview questions to the rest of the participants in beforehand. This enabled interviewees to focus more on the topic and to prepare themselves to the themes. Sending interview questions beforehand to the interviewees seemed to help significantly to generate their knowledge about the subject.

In order to study how the cooperation between the Finnish forest companies and the environmental NGOs could be improved, some factors had to be defined in order to get an overview about the present challenges and improvement areas. The factors were expectations toward the cooperation and challenges to overcome. The research had limited time and resources, and some questions had to be addressed to explain, how the cooperation could be improved.

The author is a neutral third party in the study without any position or interdependence to the Finnish forest industry or to the environmental NGOs. The research was designed and implemented by the author. Adding more researchers by using triangulation method to design, analyze and interpret the data could have increased the validity of the research. Nevertheless, the representatives of the VTT were cooperating with the author during the whole research process, and therefore some guidance was received and viewpoints were exchanged.

6.4 Suggestions for further studies

Cooperation between the third sector and the private sector offers a lot of possibilities for further studies. Further research concerning the industry specific approach should include larger amount of the Finnish forest companies and environmental NGOs in order to get wider perspective. It is evident, that existing typologies and definitions about the cooperation and engagement forms between the third sector and the private sector are not exhaustive. More cooperation forms should be investigated to enable generalizations and new theory building.

In addition, the author recognized a dialogue, based on some existing typologies, is categorized to cooperation or engagement when it is practiced systematically. However, in this study, the environmental NGOs were able to achieve beneficial outcomes by communicating with the Finnish forest companies without considering the non-systematic interaction as a form of cooperation or engagement. Therefore, a wider perspective for defining the cooperation should be required.

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APPENDICES

Appendix 1. Interview questions

1. What forms of cooperation you have had (with the Finnish forest companies/the environmental NGOs)?
2. What kind of cooperation has been the most functional/beneficial considering the outcomes? (Why?)
3. What kind of cooperation has been the most challenging? (Why?)
4. What kind of expectations your organization have for the cooperation? What kind of terms or conditions your organization have for the cooperation?
5. What have been the most important results from the cooperation? Have these results been measured? (How?)
6. What have been the most important benefits from the cooperation? Have these benefits been measured? (How?)
7. What are possible obstacles or challenges for you to cooperate? How these obstacles or challenges could be overcome?
8. Is cooperation important to the company/NGO?
9. What factors you consider when choosing the possible partner/partners?
10. How do you communicate about the cooperation to the other stakeholders?
11. How you wish to develop the cooperation in the future?

Something to add?